

West Linn Bond Refunding Results in Significant Interest Savings

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Estimated Savings of \$1,084,957 Will Lower Tax Rates in West Linn

WEST LINN – The City of West Linn is offering on the U.S. bond markets this week a refunding plan for its general obligation (GO) and full faith and credit obligation (FFCO) debt. Anticipated interest savings of \$1,084,957 have exceeded the original estimates provided by the West Linn Finance Department.

“The interest savings are even better than the initial estimate, which I attribute to the increased bond rating that we received from Standard & Poor’s when they upgraded the City’s credit rating to AA last week,” said West Linn Finance Director Richard Seals. “As a direct result of the City’s credit being upgraded, we will be receiving even more savings than originally anticipated,” said Seals.

Below is a summary of the refunding results showing the total refunded bonds of \$5.7 million and reduced overall interest rates. Currently, the City is paying 5.25 percent on this borrowed debt. With the refunding, interest rates will drop to 2.09 percent, resulting in the future interest savings of \$1,084,957:

	<u>GO Bonds</u>	<u>FFCO</u>	<u>Total</u>
Par amount to be refunded	\$3,050,000	\$2,665,000	\$5,715,000
Average coupon	5.29%	5.20%	5.25%
Refunding par amount	\$3,065,000	\$2,590,000	\$5,655,000
True interest cost	2.14%	2.02%	2.09%
Total debt service savings	\$616,376	\$468,581	\$1,084,957
NPV savings	\$552,636	\$426,599	\$979,235
NPV savings as a % of refunding proceeds	17.51%	15.33%	16.49%

“This is excellent news for West Linn taxpayers,” said West Linn City Manager Chris Jordan. “The interest savings will reduce property taxes,” said Jordan. It is estimated that the interest savings will reduce taxes by approximately \$35 per year for an average West Linn home with an Assessed Value of \$250,000.

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